

**FIRST HOME  
&  
FIRST HOME/PLUS**



**PROGRAM GUIDE**

January 2001

**INDIANA HOUSING FINANCE AUTHORITY  
FIRST HOME & FIRST HOME/PLUS PROGRAM  
EXECUTIVE SUMMARY**

What to know about your **borrower and their home**:

1. Borrowers must meet HUD's **income guidelines**. Income limits vary by county and are dependent on family size. (Refer to Borrower Eligibility Section). First Home/Plus limits are lower. (Also see Borrower Eligibility Section).
2. The home must fall under the federally determined **acquisition limits**. These vary by county and by new and existing homes. (Refer to Geographic Eligibility Section).
3. Borrowers must **not have owned a home** within the past three years. This restriction is waived for those who buy a home in an area that is designated as targeted. (Refer to the Geographic Eligibility Section.)
4. Borrowers could be subject to a **recapture tax** if they sell their homes within nine years. (Refer to Recapture Tax Section).
5. The home must be the borrower's **principal residence**.
6. Borrowers must complete a **Homeownership Training** program. It is recommended that borrowers attend a HUD certified course, if possible, especially if they are receiving Down Payment Assistance.

For those Borrowers receiving **down payment assistance (First Home/Plus Program)**:

1. The level of down payment assistance (DPA) is 5 percent or 10 percent of the lower of the purchase price or appraised value. These percentages are capped at a maximum of \$2,500 for 5 percent DPA and \$5,000 for 10 percent DPA.
2. **More conservative income** limits are applied for DPA.
3. There is **no repayment of the second mortgage** until the home is sold or refinanced. If the borrower(s) stays in the home for five years, this loan may be forgiven.
4. No additional down payment may be made in conjunction with the down payment assistance program unless needed to meet the mortgage's minimum requirements. If the borrower is receiving assistance from another source to meet the mortgage's minimum requirement, the additional funding cannot be from HUD's HOME program.
5. Closing cost assistance is acceptable, as long as funds are used for **CLOSING COSTS ONLY**.

6. **A rental tenant must not have occupied the subject property within the past three months unless the current tenant is the purchaser.**
7. An appraisal including VC sheets by a FHA approved appraiser is required on **ALL** down payment assistance loans.
8. **The purchase price of a new or existing home utilizing down payment assistance funds cannot exceed the Single Family Mortgage Limits under Section 203(b). Refer to 203(b) Mortgage Limits in the Property Eligibility Section of this guide.**
9. *When a preliminary approval letter is issued it approves both the first and the second Mortgage.*
10. Borrower(s) must sign the MRB-11 after the appraiser has completed a visual assessment of the property and noted any lead based paint hazards on the appraisal.

**Lenders** will need to know that:

1. **THE INCOME CALCULATION FOR A BORROWER'S ELIGIBILITY IS DIFFERENT THAN THAT USED FOR MORTGAGE QUALIFICATION.** (Refer to Borrower Eligibility Section).
2. The interest rate is subject to change. As a courtesy IHFA will email a rate sheet upon the change of the rate. Always verify the rate using the Information Line at (317) 232-3556 or (888) 227-4452 (Refer to the Interest Rate Section.)
3. All loans must be sold to our Master Servicer or Sub-Servicer, The Leader Mortgage Company.
4. **ALL LOANS MUST MEET AND BE UNDERWRITTEN BY FHA, VA, RHS OR FANNIE MAE GUIDELINES. Tax compliance questions only should be directed to IHFA, all others should be to the Master Servicer.**
5. **Loans will need IHFA approval prior to closing.**
6. ***LENDERS MUST BE MORTGAGE BANKERS, ABSOLUTELY NO MORTGAGE BROKERS.***
7. CO-SIGNERS MUST SIGN THE NOTE ONLY. Co-signers and guarantors are allowed only if: (1) The co-signer/guarantor does not have a financial interest in the residence, (2) co-signer/guarantor is acting for the sole purpose of providing additional security for the mortgage loan (3) co-signer/guarantor does not occupy the residence as a permanent resident, and (4) the borrower has sufficient income to meet underwriting requirements for FHA, VA, RHS or Fannie Mae financing.
8. **NON-OCCUPANT CO-BORROWERS ARE NOT ALLOWED.**

9. **A Mortgage rider is required on all loans. The rider should be attached and recorded with the FIRST MORTGAGE.**
10. Lenders' fees charged to the Borrower must not exceed \$350.00. Items paid to a third party must be noted as such on the HUD-1 Settlement Statement to not be included in the \$350.00.
11. The closing package must be received by IHFA within 30 days of closing. **FINAL APPROVAL** must occur by the commitment expiration date.
12. All First Home and First Home/Plus Program reservations will result in **30 year fixed rate** mortgages.
13. No discount or origination points may be charged to the borrower or the seller.